

CAPITAL CITY BANK GROUP INC  
Form DEF 14A  
March 07, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, For Use of the Commission Only (as permitted by Rule 14A-6(E)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to § 240-14a-12

**CAPITAL CITY BANK GROUP, INC.**

(Exact name of Registrant as specified in its charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No:

(3) Filing Party:

(4) Date Filed:

**Notice of**

**2017 Annual Meeting of Shareowners**

**and Proxy Statement**

217 North Monroe Street

Tallahassee, Florida 32301

LETTER TO SHAREOWNERS

217 North Monroe Street  
Tallahassee, Florida 32301

March 7, 2017

Dear Fellow Shareowners:

Please join us for our 2017 Annual Shareowners Meeting at 10 a.m., local time, on Tuesday, April 25, 2017, at the Florida State University Turnbull Conference Center, 555 West Pensacola Street, Tallahassee, Florida 32301. I look forward to this opportunity to share highlights from 2016 and discuss near- and longer-term plans for Capital City. I will also be calling for a vote on several important matters.

As a valued Capital City Bank supporter, your vote is important and your Board of Directors encourages you to let your voice be heard. Proxy materials are enclosed for your convenience and are accessible at [www.proxyvote.com](http://www.proxyvote.com) along with the 2016 Annual Report. We are distributing Proxy Materials online rather than mailing printed copies as it allows us to expedite delivery to our shareowners and offers the lower-cost, more environmentally responsible option. You will not receive printed copies unless you request them by following the instructions contained in the Notice of Internet Availability of Proxy Materials.

Whether or not you are able to attend the meeting in person, I encourage you to vote as soon as possible. Voting your proxy ensures your representation at the meeting, and we offer several methods of voting for your convenience: by telephone, online at [www.proxyvote.com](http://www.proxyvote.com) or via mailed proxy card if you received paper copies of your materials.

Thank you for your vote and for your continued support. I look forward to seeing you in April and hope you will be able to join us for light refreshments at 9:30 a.m. before the meeting begins.

Your banker,

**William G. Smith, Jr.**

Chairman, President,  
and Chief Executive Officer



NOTICE OF ANNUAL MEETING OF SHAREOWNERS

TIME

10:00 a.m., local time, April 25, 2017

PLACE

Florida State University  
Turnbull Conference Center  
555 West Pensacola Street  
Tallahassee, Florida 32301

BUSINESS

(1) Vote on four Class II nominees and one Class III nominee for election to the Board of Directors;

(2) Consider and approve, on a non-binding advisory basis, the compensation of Capital City's named executive officers;

(3) Hold a nonbinding advisory vote on frequency of the advisory vote on executive compensation;

(4) Ask for ratification of the appointment of Ernst & Young LLP as our independent registered certified public accounting firm for the current fiscal year; and

(5) Transact other business properly coming before the meeting or any postponement or adjournment of the meeting.

VOTING

Even if you plan to attend the meeting in Tallahassee, Florida, please provide us your voting instructions in one of the following ways as soon as possible:

: Use the Internet address on the Notice of Internet Availability of Proxy Materials or the proxy card;

Use the toll-free number on the proxy card, if you received one. You can also find the toll-free number to vote your shares when you access the Internet address on the Notice of Internet Availability of Proxy Materials; or

+ Mark, sign, and date the proxy card and return in the enclosed postage-paid envelope. This option is available only to those shareowners who have received a paper copy of a proxy card by mail.

RECORD DATE

Shareowners owning Capital City Bank Group shares at the close of business on February 27, 2017, are entitled to notice of, attend, and vote at the meeting. A list of these shareowners will be available at the Annual Meeting and for 10 days before the Annual Meeting between the hours of 9 a.m. and 5 p.m., Eastern Time, at our principal executive offices at 217 North Monroe Street, Tallahassee, Florida 32301.

*By Order of the Board of Directors*

J. Kimbrough Davis  
Executive Vice President, Chief Financial Officer, and Corporate Secretary

Tallahassee, Florida  
March 7, 2017

**Important Notice Regarding the Availability of Proxy Materials for the Shareowners' Meeting to be Held on April 25, 2017.** The Proxy Statement and the Annual Report are available at: [www.proxyvote.com](http://www.proxyvote.com).



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## PROXY STATEMENT

We are providing these Proxy Materials in connection with the solicitation by the Board of Directors (the “Board”) of Capital City Bank Group, Inc., a Florida corporation (“Capital City”), of proxies to be voted at our 2017 Annual Meeting of Shareowners and at any adjournments or postponements of the Annual Meeting.

We will hold our 2017 Annual Meeting at 10:00 a.m., local time, Tuesday, April 25, 2017, at the Florida State University Turnbull Conference Center, 555 West Pensacola Street, Tallahassee, Florida 32301. We are making these Proxy Materials available to our shareowners on or about March 7, 2017.

At Capital City, and in this Proxy Statement, we refer to our employees as “associates.” Also in the Proxy Statement, we refer to Capital City as the “Company,” “we,” or “us” and to the 2017 Annual Meeting as the “Annual Meeting.”

## VOTING INFORMATION

Who can vote?

All shareowners of record at the close of business on the record date of February 27, 2017 are entitled to receive these Proxy Materials and to vote at the Annual Meeting. On that date, there were 16,950,355 shares of our common stock outstanding and entitled to vote.

How do I vote my shares in person at the Annual Meeting?

Shares held in your name as the shareowner of record may be voted in person at the Annual Meeting. Shares for which you are the beneficial owner but not the shareowner of record may be voted in person at the Annual Meeting only if you obtain a legal proxy from the broker, trustee, or other nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you vote by proxy as described below so that your vote will be counted if you later decide not to attend the Annual Meeting. The vote you cast in person will supersede any previous votes that you submitted, whether by Internet, phone, or mail.

How do I vote my shares in the 401(k) plan?

If you are an associate who participates in Capital City’s 401(k) Plan, you may instruct the Plan trustee on how to vote your shares in the Plan by mail, by telephone, or on the Internet as described above, except that, if you vote by mail, the card that you use will be a voting instruction card rather than a proxy card. If you own shares through the Plan and you do not vote, the Plan trustee will vote the shares in the same proportion as other Plan participants vote their Plan shares.

How can I vote my shares without attending the Annual Meeting?

Whether you hold shares directly as a shareowner of record or beneficially, you may direct how your shares are voted without attending the Annual Meeting. You may give voting instructions by the Internet or by telephone. If you requested and received a paper copy of a proxy card by mail, you may vote by mail. Instructions are on the Notice of Internet Availability of Proxy Materials or the proxy card.

Whether you provide voting instructions by the Internet or by telephone, or vote by mail, you are designating certain individuals to vote on your behalf as your legal Proxy. We have designated Bethany H. Corum and Dale A. Thompson

each as a Proxy. The Proxies will vote all valid voting instructions and proxy cards that are delivered in response to this solicitation, and not later revoked, in accordance with the instructions given by you.

What is the deadline for voting my shares?

If you hold shares as the shareowner of record, then your vote by proxy must be received before 11:59 p.m., Eastern Time, on April 24, 2017 (the day before the Annual Meeting). If you are the beneficial owner of shares held through a broker, trustee, or other nominee, please follow the instructions provided by your broker, trustee, or other nominee.

2 Capital City Bank Group, Inc. | Notice of Annual Meeting and Proxy Statement

PROPOSAL NO. 1 – ELECTION OF DIRECTORS

Our Board is divided into three classes, designated Class I, Class II, and Class III. The directors in each class are elected for terms of three years. At the Annual Meeting, the shareowners will elect four Class II directors and one Class III director. Our Board proposes the following five nominees for election as directors at the Annual Meeting. Each of the nominees is currently serving as a member of the Board, including Ms. Johnson and Messrs. Connally and Grant who were appointed by our Board earlier this year. The proxies will vote, unless instructed otherwise, each valid voting instruction and proxy card for the election of the following nominees as directors.

Lina Knox will retire from the Board immediately prior to the Annual Meeting in accordance with our mandatory retirement policy in our Corporate Governance Guidelines.

If a nominee is unable to serve, the shares represented by all valid proxies that have not been revoked will be voted for the election of a substitute as the Board may recommend, or the Board may by resolution reduce the size of the Board to eliminate the resulting vacancy. At this time, the Board knows of no reason why any nominee might be unable to serve.

If the five director nominees are elected, the Board will have no vacancies. Brokers do not have discretion to vote on this proposal without your instructions. If you do not instruct your broker how to vote on this proposal, your broker will deliver a nonvote on this proposal.

The following paragraphs provide information as of the date of this Proxy Statement about each nominee and each incumbent director not up for re-election in the categories of: age, positions held, principal occupation and business experience for the past five years, and names of other publicly-held companies for which he or she serves as a director or has served as a director during the past five years. While the following paragraphs note certain individual qualifications and skills of our directors that contribute to the Board's effectiveness as a whole, we also believe that all of our nominees and incumbent directors not up for re-election have a reputation for integrity, honesty, and adherence to high ethical standards. They each have demonstrated strong leadership skills, business acumen and an ability to exercise sound judgment, as well as a commitment of service to our shareowners.

NOMINEES TO SERVE FOR A THREE-YEAR TERM EXPIRING IN 2020

**President-Capital City Bank** **THOMAS A. BARRON**

**Age:** 64

Mr. Barron is our Treasurer and was appointed President of Capital City Bank in 1995. We believe Mr. Barron's qualifications to sit on our Board include his more than three decades of banking experience, including more than 20 years as the President of Capital City Bank.

**Director since:** 1982

**Other current public  
company boards:** None

**Independent director**

**Age:** 47                      **STANLEY W. CONNALLY, JR.**

**Director since:** 2017                      Mr. Connally has been employed by Southern Company since 1989, and since 2012, Mr. Connally has served as Chairman, President, and Chief Executive Officer of Gulf Power Company, a subsidiary of Southern Company. Mr. Connally also serves on the boards of the Florida Chamber of Commerce, Florida Council of 100 and Enterprise Florida. He has also been appointed by Florida Governor Rick Scott to the Aerospace Alliance board, a four-state organization working to bring aviation-related jobs to the Gulf Coast and to Triumph Gulf Coast, Inc. We believe Mr. Connally's qualifications to sit on our Board include his executive leadership and management experience and his operational and financial expertise gained from almost three decades of increasing responsibility at a Fortune 500 company.

**Board committees:** Corporate Governance and Nominating

**Other current public company boards:** Gulf Power Company

**Independent director**

**J. EVERITT DREW**

**Age:** 61                      Since 2007, Mr. Drew has been President of SouthGroup Equities, Inc., a private real estate investment and development company. From 2000 to 2007, Mr. Drew was President of St. Joe Land Company where his duties included overseeing the sale and development efforts of several thousand acres of St. Joe property in northwest Florida and southwest Georgia. We believe Mr. Drew's qualifications to sit on our Board include his experience as President of St. Joe Land Company, which at the time was the largest landowner in Florida, as well as his operational and financial expertise gained from the successful operation of his own business.

**Director since:** 2003                      **Board committees:** Audit and Compensation

**Other current public company boards:** None

**ERIC GRANT**

**Independent director**

**Age:** 41                      Mr. Grant has been employed by Municipal Code Corporation, the nation's largest provider of municipal solutions, including printing and hosting municipal codes online, since 2007. Mr. Grant served as Vice President of the Supplement Department of Municipal Code Corporation until September 2012. Since September 2012, Mr. Grant has served as President. Prior to receiving his Juris Doctorate from the University of Virginia, Mr. Grant attended the United States Naval

**Director since:** Academy and Georgetown University's School of Foreign Service while serving as a member of the United States Marine Corps. In addition to being stationed in Virginia, Kentucky, California and abroad, Grant and his unit, the 15<sup>th</sup> Marine Expeditionary Unit, were deployed during

**Board** Operation Enduring Freedom in 2001. Mr. Grant also serves on the boards of the Community  
**committees:** Audit Foundation of North Florida and the United Way of the Big Bend. We believe Mr. Grant's  
and Corporate qualifications to sit on our Board include his executive leadership and management experience.  
Governance and  
Nominating

**Other current**  
**public company**  
**boards:** None

**NOMINEE TO SERVE FOR A one-YEAR TERM EXPIRING IN 2018**

**Independent director**

**Age:** 54

**LAURA JOHNSON**

**Director since:** 2017

**Board committees:**

Audit and Corporate  
Governance and  
Nominating

For over two decades, Ms. Johnson has been the founding artist and Chief Executive Officer of Coton Colors, a leading lifestyle brand in the giftware and home décor industries headquartered in Tallahassee, Florida. We believe Ms. Johnson’s qualifications to sit on our Board include her executive leadership and management experience and her operational and financial expertise gained from the successful operation of her own businesses.

**Other current public  
company boards:**

None

**The Board of Directors unanimously recommends a vote “FOR” the nominees.**

CONTINUING DIRECTORS AND EXECUTIVE OFFICERS

Continuing Class III Directors (term expiring in 2018)

**Independent  
director**

**Age:**  
66

**Director**

**FREDERICK CARROLL, III**

2003

From 1990 to 2014, Mr. Carroll was the Managing Partner of Carroll and Company, CPAs, an accounting firm specializing in tax and audit based in Tallahassee, Florida. He currently serves as a tax professional for Carroll and Company, CPAs. Mr. Carroll has practiced as a Certified Public Accountant since 1977. Mr. Carroll has a master's degree in accounting. We believe Mr. Carroll's qualifications to sit on our Board include his long and varied business career, including his extensive accounting experience.

Compensation

**Other  
current  
public  
company  
boards:**

None

**JOHN K. HUMPHRESS**

**Independent**

**Director** Since 1973, Mr. Humphress has been a shareholder of a public accounting firm, Wadsworth, Humphress & Hollar, P.A. (and its predecessors). We believe Mr. Humphress's qualifications to sit on our Board include his long and diversified business career, including his extensive accounting experience.

Age  
68

**Director**

**since:**  
1998

**Board  
committees:**  
Compensation  
and  
Corporate  
Governance  
and



Nominating  
(Chair)

**Other  
current  
public  
company  
boards:**  
None

**Independent  
director**

**Age:**  
67

**HENRY LEWIS III**

**since:**

Dr. Lewis has been President of Tuskegee Homes, LLC since 2004. From November 2012 through present, Dr. Lewis has been a management consultant for The Infrastructure Company. From January 2011 through November 2012, he was the President of Florida Memorial University. Previously, he was Professor and Dean of the College of Pharmaceutical Sciences at Florida A&M University from 1994 until 2011. He also served as Interim President of Florida A&M in 2002. Prior to Dr. Lewis's appointment to these positions, he served as Dean of the College of Pharmacy and Health Sciences at Texas Southern University from 1990 to 1994. He sits on the Board of Regents of the National Library of Medicine. We believe Dr. Lewis's qualifications to sit on our Board include his experience leading organizations, and his strong skills in government relations and strategic planning.

**Other  
current  
public  
company  
boards:**  
None

*Continuing Class I Directors (term expiring in 2019)*

**Independent  
director**

**ALLAN G. BENSE**

**Age:** 65

**Director since:**  
2013

**Board committees:**  
Audit and  
Compensation

**Other current  
public company  
boards:** Gulf Power  
Company

Mr. Bense is currently President and CEO of Bense Enterprises, Inc., which is affiliated with companies that have interests in road building, general construction, mechanical contracting, insurance, golf courses, and farming since the early 1980s. He served as Speaker of the Florida House of Representatives from 2004 to 2006. Until 2015, Mr. Bense served as the chairman of the Florida State University Board of Trustees. He is also Chairman of the Board of the James Madison Institute, Chairman of the Bay Economic Alliance, a member of the Florida Council of 100, and a director of Gulf Power Company. We believe Mr. Bense's qualifications to sit on our Board include his executive leadership and management experience and his operational and financial expertise gained from the successful operation of his own businesses.

**Independent  
director**

**Age:** 67

**CADER B. COX, III**

**Director since:**  
1994

**Board committees:**  
Compensation  
(Chair) and  
Corporate  
Governance and  
Nominating

**Other current  
public company  
boards:** None

From 1976 to 2006, Mr. Cox served as President, and from 2006 until 2013, he served as CEO of Riverview Plantation, Inc., a resort and agricultural company located in Georgia. He currently serves as Chairman of Riverview Plantation, Inc. and an officer and a director of Plantation Precooler, Inc., a large fresh vegetable operation. He is extensively involved in the community, including serving as a board member for The University of Georgia Research Foundation Board, trustee of AgriTrust, and a Board member of University of Georgia Real Estate Foundation Board. We believe Mr. Cox's qualifications to sit on our Board include his operational and financial expertise gained from the successful operation of his own businesses, as well as his executive leadership and management experience.

**Independent  
director**

**JOHN G. SAMPLE, JR.**

Mr. Sample has served as Senior Vice President and Chief Financial Officer of Atlantic American Corporation, an Atlanta, Georgia-based holding company that operates through its

**Age:** 60 subsidiaries in specialty markets within the life, health and property and casualty insurance industries, since July 2002 and Corporate Secretary since May 2010. Prior to joining Atlantic American Corporation in July 2002, he had been a partner of Arthur Andersen LLP since 1990.

**Director since:** 2016 Mr. Sample has also served as a director and chairman of the audit committee of the board of directors of 1<sup>st</sup> Franklin Financial Corporation, a consumer finance company that originates and services direct cash loans, real estate loans and sales finance contracts through 283 branch offices located throughout the southeastern United States, since 2004. We believe Mr. Sample's qualifications to sit on our Board include his executive leadership and management experience, his extensive accounting and financial background, and his experience in the financial services industry.

**Board committees:** Audit (Chair)

**Other current public company boards:** 1st Franklin Financial Corp.

**Chairman**

**WILLIAM G. SMITH, JR.**

**Age:** 63

Mr. Smith currently serves as our Chairman, President, and Chief Executive Officer. He was elected

**Director since:** 1982

Chairman in 2003 and has been President and Chief Executive Officer since 1995. Mr. Smith also serves as Chairman of Capital City Bank, a position he has held since 1995. In addition, Mr. Smith has served as a director of Southern Company since February 2006. Mr. Smith is the first cousin of

**Other current public company boards:**

Lina Knox, a director who is retiring from the Board immediately before the Annual Meeting. We believe Mr. Smith's qualifications to sit on our Board include his almost four decades of banking experience, including more than 20 years as our President and Chief Executive Officer.

Southern Company

**Executive Officers**

Executive officers are elected annually by the Board at its meeting following the annual meeting of shareowners to serve for a one-year term and until their successors are elected and qualified. Thomas A. Barron and William G. Smith, Jr. serve as directors and executive officers and J. Kimbrough Davis is an executive officer.

**J. KIMBROUGH DAVIS**

Mr. Davis, 63, was appointed our Executive Vice President and Chief Financial Officer in 1997. He served as Senior Vice President and Chief Financial Officer from 1991 to 1997. In 1998, he was appointed Executive Vice President and Chief Financial Officer of Capital City Bank.

CORPORATE GOVERNANCE at capital city

GOVERNING PRINCIPLES

We are committed to maintaining a business atmosphere where only the highest ethical standards and integrity prevail. An unwavering adherence to high ethical standards provides a strong foundation on which our business and reputation can thrive, and is integral to creating and sustaining a successful, high-caliber company.

Corporate Governance and Nominating Committee Report

During 2016, the Corporate Governance and Nominating Committee focused its efforts on:

§ Board refreshment, ultimately nominating Stanley W. Connally, Jr., Eric Grant, and Laura Johnson as directors;  
§ Management succession planning, specifically for the positions of Chief Executive Officer, President, and Chief  
§ Financial Officer; and

Reviewing risk management practices, including scheduling time with senior executive officers to discuss  
§ cybersecurity practices, posture, and response, as well as insurance coverages in place to help protect the Company  
and its shareowners in the event a cyberattack occurs.

**2016 Corporate Governance and Nominating Committee:**

John K. Humphress (Chair)

Cader B. Cox, III

Lina S. Knox

Henry Lewis III

BOARD'S RESPONSIBILITIES AND DUTIES

Succession Planning

The Board plans for succession to the position of Chief Executive Officer as well as certain other senior management positions. To assist the Board, William G. Smith, Jr., our Chairman, President, and CEO, annually provides the Board with an assessment of senior managers and of their potential to succeed him. He also provides the Board with an assessment of persons considered potential successors to certain other senior management positions. The Corporate Governance and Nominating Committee and our independent directors in an executive session annually review this updated assessment. In addition, the Board interacts with members of senior management who are potential successors to our executive management.

Board Refreshment

Our Corporate Governance Guidelines reflect our belief that directors should not be subject to term limits because it would likely cause us to lose directors who have developed insight into our strategies and operations and risks. Nevertheless, we have several policies in place to support board refreshment such as a mandatory retirement age, mandatory resignation if the director does not receive a majority vote of support from our shareowners, mandatory tender of a resignation upon a change in our director's principal employment, and a strict prohibition on serving on too many boards. Nevertheless, our Board regularly reviews its own composition, and considers and plans for an orderly transition and refreshment process, which includes planning for potential retirements and identifying potential candidates for service as new directors. As part of this process, over the past four years, the Board has added five new independent directors, Ms. Johnson and Messrs. Bense, Connally, Grant, and Sample, whom the Board believes have the relevant experience and expertise to complement that of our other directors and to further contribute to the Board's ongoing guidance of our company.

#### Risk Management

The Board believes that risk management is an important component of our corporate strategy. While we assess specific risks at our committee levels, the Board, as a whole, oversees our risk management process, and discusses and reviews with management major policies with respect to risk assessment and risk management. The Board is regularly informed through committee reports about our risks. In addition, we have an Enterprise Risk Oversight Committee, which reports to the Board at least twice per year. The Enterprise Risk Oversight Committee serves to assist the Board in establishing and monitoring our key risks, and meets at least on a quarterly basis.

## Board and Committee Evaluations

The Corporate Governance and Nominating Committee uses a variety of methods to annually evaluate the Board as a whole and its committees. In most years, the Corporate Governance and Nominating Committee uses written questionnaires for the evaluation. Directors submit completed questionnaires to the Chair of the Corporate Governance and Nominating Committee, who summarizes the results without attribution. The full Board discusses the summary of the Board evaluation, and each committee discusses the summary of its own evaluation. In other years, the evaluation is conducted by the Corporate Governance and Nominating Committee by sending each director a series of questions for the director to consider. The evaluation is then conducted verbally in executive session led by the Chair of the Corporate Governance and Nominating Committee.

## Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that give effect to the Nasdaq corporate governance listing standards and various other corporate governance matters.

## Codes of Conduct and Ethics

The Board has adopted Codes of Conduct applicable to all directors, officers, and associates, and a Code of Ethics applicable to our Chief Executive Officer and our financial and accounting officers, all of which are available, without charge, upon written request to:

Capital City Bank Group, Inc.

c/o Corporate Secretary

217 North Monroe Street

Tallahassee, Florida 32301

These codes are designed to comply with Nasdaq and SEC requirements. We will disclose any amendments to, or waivers from, the Code of Ethics on our website ([www.ccbg.com](http://www.ccbg.com)) within four business days of such determination.

## Board structure and process

### Independent Directors

Our common stock is listed on the Nasdaq Global Select Market. Nasdaq requires that a majority of our directors be “independent,” as defined by Nasdaq’s rules. Generally, a director does not qualify as an independent director if the director or a member of a director’s immediate family has had in the past three years certain relationships or affiliations with us, our external or internal auditors, or other companies that do business with us. Our Board has adopted categorical independence standards that include all objective standards of independence set forth in the Nasdaq rules. The categorical independence standards are posted to the Corporate Governance section of our website, [www.ccbg.com](http://www.ccbg.com). Based on these standards, our Board has affirmatively determined that the following current directors, constituting a majority of our directors, are independent: Allan G. Bense, Frederick Carroll, III, Stanley W. Connally, Jr., Cader B. Cox, III, J. Everitt Drew, Eric Grant, John K. Humphress, Laura Johnson, Lina S. Knox (retiring from the Board), Henry Lewis III, and John G. Sample, Jr.

## Board Leadership

The Board has no policy with respect to separation of the positions of Chairman and CEO or with respect to whether the Chairman should be a member of management or an independent director, and believes that these are matters that should be discussed and determined by the Board from time to time. When the Chairman of the Board is a member of management or is otherwise not independent, the non-associate directors elect a lead director, which we discuss below. Currently, William G. Smith, Jr. serves as our Chairman and CEO. Given the fact that Mr. Smith is tasked with the responsibility of implementing our corporate strategy, we believe he is best suited for leading discussions regarding performance relative to our corporate strategy, and these discussions represent a significant portion of our Board meetings.

10 Capital City Bank Group, Inc. | Notice of Annual Meeting and Proxy Statement



## Lead Director

The independent directors of our Board of Directors annually elect an independent director to serve in a lead capacity. Although elected annually, the lead director is generally expected to serve for more than one year. Mr. Drew serves as our lead director. The lead director's duties, which are listed in a Board approved charter, include:

§                   presiding at all meetings of the Board at which the Chairman is not present;  
                  §                   calling meetings of the independent directors;  
                  §                   coordinating with the Chairman the planning of meeting agenda items; and  
§ serving as an independent point of contact for shareowners wishing to communicate with the Board other than  
§ through the Chairman.

We have posted the Lead Director Charter on our website, [www.ccbg.com](http://www.ccbg.com).

## Independent Director Meetings In Executive Sessions

Our independent directors have established a policy to meet separately without any Company associates present in regularly scheduled executive sessions at least twice annually, and at such other times as may be deemed appropriate by our independent directors. Any independent director may call an executive session of independent directors at any time. In 2016, the independent directors met in an executive session four times.

## Director Nominating Process

The Corporate Governance and Nominating Committee annually reviews and makes recommendations to the full Board regarding the composition and size of the Board so that the Board consists of members with the proper expertise, skills, attributes, and personal and professional backgrounds needed by the Board, consistent with applicable Nasdaq and regulatory requirements.

The Corporate Governance and Nominating Committee believes that all directors, including nominees, should possess the highest personal and professional ethics, integrity, and values, and be committed to representing the long-term interests of our shareowners. The Corporate Governance and Nominating Committee will consider criteria including the nominee's current or recent experience as a senior executive officer, whether the nominee is independent, as that term is defined by the Nasdaq listing standards, the business experience currently desired on the Board, geography, the nominee's banking industry experience, and the nominee's general ability to enhance the overall composition of the Board. The Corporate Governance and Nominating Committee does not have a formal policy on diversity; however, the Board and the Corporate Governance and Nominating Committee believe that it is essential that the Board members represent diverse viewpoints and generally considers this issue during the annual board and committee evaluation process.

Our Corporate Governance and Nominating Committee identifies nominees for directors primarily based upon suggestions from shareowners, current directors, and executives. The Chair of the Corporate Governance and Nominating Committee and at least one other member of the Corporate Governance and Nominating Committee interviews director candidates. The full Board formally nominates candidates for director to be included in the slate of directors presented for shareowner vote based upon the recommendations of the Corporate Governance and Nominating Committee following this process.

## Voting Standard

Our Bylaws provide that in an uncontested election, if a nominee for director does not receive at least a majority of the votes cast at any meeting for his or her election at which a quorum is present, then the director must promptly tender

his or her resignation to the Board. The Corporate Governance and Nominating Committee would then recommend to the Board whether to accept or reject the tendered resignation, or whether other action should be taken. The Board will act on the tendered resignation and publicly disclose its decision and the rationale behind the decision within 90 days from the date of the certification of the election results. If a director's resignation is not accepted by the Board, then such director will continue to serve the remainder of the director's term. If a nominee's resignation is accepted by the Board, then the Board, in its sole discretion, may fill any remaining vacancy or decrease the size of the Board. To be eligible to be a nominee for election or reelection as our director, a person must deliver to our Corporate Secretary a written agreement that such person will abide by these requirements.

### Mandatory Retirement Policy

Our Corporate Governance Guidelines provide for mandatory director retirement at age 72.

### Director Service on Other Boards

To ensure that our directors can provide sufficient time and attention to the Company, our directors may not serve on more than three other boards of directors of public companies in addition to our Board. Our CEO may not serve on more than two other boards of directors of public companies in addition to our Board.

### Change in Director Occupation

A director whose principal occupation or business association changes substantially during the director's tenure must tender a resignation for consideration by the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee will recommend to the Board the action, if any, to be taken with respect to the resignation.

### DIRECTOR ATTENDANCE

Our Board met 12 times in 2016. All of our directors attended at least 96.7 percent of the aggregate number of meetings of the Board and Committees on which they served. We expect all directors to attend our Annual Meeting. All directors, who were directors at the time of our Annual Meeting in 2016, attended the 2016 Annual Meeting.

### SHAREOWNER COMMUNICATIONS

Our Corporate Governance Guidelines provide for a process by which shareowners may communicate with the Board, a Board committee, the independent directors as a group, or individual directors. Shareowners who wish to communicate with the Board, a Board committee, or any other directors or individual directors may do so by sending written communications to the address below:

Capital City Bank Group, Inc.

c/o Corporate Secretary

217 North Monroe Street

Tallahassee, Florida 32301

Communications will be compiled by our Corporate Secretary and submitted to the Board, a committee of the Board, or the appropriate group of directors or individual directors, as appropriate, at the next regular meeting of the Board. The Board has requested that the Corporate Secretary submit to the Board all communications received, excluding those items that are not related to board duties and responsibilities, such as: mass mailings, job inquiries, resumes, advertisements, solicitations, and surveys.

**BOARD COMMITTEE MEMBERSHIP**

<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Corporate Governance and Nominating Committee</b>
The Committee assists the Board in its oversight of:	The Committee assists the Board in its oversight of:	The Committee assists the Board in its oversight of:
§ the integrity of our financial reporting process, system of internal controls, and the independence and performance of our internal auditors;	§ our compensation and benefits policies and programs generally;	§ Director qualification standards and nominations;
§ our compliance with Section 112 of the Federal Deposit Insurance Corporation Improvement Act of 199;	§ the performance evaluation of designated senior managers, including our named executive officers;	§ appointing directors to committees;
§ the hiring, qualifications, independence, and performance of our independent auditors, for which the Committee bears primary responsibility; and	§ the compensation of our designated senior managers, including our named executive officers;	§ Board, committee, and director performance;
§ our policies and practices with respect to risk assessment and risk management.	§ assessing the relationship between incentive compensation arrangements and risk management policies and practices;	§ managerial succession § our policies and practices relating to corporate governance; and
Our Board has determined that each member of the Committee is an “audit committee financial expert” as defined under applicable SEC rules.	§ stock ownership guidelines for directors and executive officers; and	§ shareowner proposals.
<b>Current committee members</b>	§ Board compensation.	<b>Current committee members</b>
Allan G. Bense	<b>Current committee members</b>	Stanley W. Connally, Jr.
Frederick Carroll, III	Allan G. Bense	Cader B. Cox, III
J. Everitt Drew	Frederick Carroll, III	Eric Grant
Eric Grant	Cader B. Cox, III (Chair)	John K. Humphress (Chair)
Laura Johnson	J. Everitt Drew	Laura Johnson
John G. Sample, Jr. (Chair)	John K. Humphress	Henry Lewis III <b>Meetings in 2016</b>
<b>Meetings in 2016</b>	<b>Meetings in 2016</b>	3
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Committee report on page  
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Each member of each committee is independent under the rules of Nasdaq. The Board has adopted written charters for each of its standing committees. The charter for each committee may be viewed on the Corporate Governance section of our website at [www.ccbg.com](http://www.ccbg.com).

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## DIRECTOR COMPENSATION

### Compensation elements

We currently have 11 independent directors who qualify for compensation for Board service. In 2014, the Compensation Committee engaged Blanchard Consulting to measure Capital City's board compensation against the same peer group used to measure executive management compensation. Additionally, the Compensation Committee amended our Compensation Philosophy to include targeting total annual fees, including retainer, equity compensation, board meeting fees, committee chairmen fees, committee meeting fees, and Lead Director fees for our directors at the 50th percentile of our selected peer group unless an exemption is stated by the Compensation Committee due to Company performance or market demand. Based on results from a study provided by Blanchard Consulting, the Compensation Committee implemented committee meeting fees in lieu of committee retainers. While the Compensation Committee deems attendance by directors to be mandatory at all meetings, having a variable compensation structure better aligns compensation with the volume of business conducted by each committee. The elements of director compensation are as follows:

### Cash Compensation

<b>Cash Payment</b>	<b>Fees Earned in Cash (\$)</b>
Annual Retainer	12,000
Member of Board Committee	750 per meeting attended
Audit Committee Chair – Annual Retainer	7,000
Compensation Committee Chair – Annual Retainer	6,000
Corporate Governance and Nominating Committee Chair – Annual Retainer	3,000
Lead Outside Director – Annual Retainer	7,000
Board Meeting Fees	750 per for each board meeting and annual strategic meeting attended

### Equity Compensation

**Stock Grant.** Each independent director earns restricted shares of our common stock valued at \$17,500. The restricted shares are granted at the February Compensation Committee meeting and vest on December 31st of the same calendar year. The restricted stock is issued under the terms of the 2011 Associate Incentive Plan. In no event will an award vest in any year that we incur a net loss.

**Director Stock Purchase Plan.** Directors are also permitted to purchase shares of common stock at a 10% discount from fair market value under the 2011 Director Stock Purchase Plan. During 2016, 15,530 shares were purchased. As of December 31, 2016, there were 58,720 shares of common stock available for issuance to directors under this plan. Purchases under this plan were not permitted to exceed the annual retainer and meeting fees received. Our shareowners adopted the Director Stock Purchase Plan at our 2011 Annual Meeting.

### Perquisites and Other Personal Benefits

We provide directors with perquisites and other personal benefits that we believe are reasonable, competitive and consistent with our overall director compensation program. The value of the perquisites for each director in the

aggregate is less than \$10,000.

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Director Compensation Table

The following table sets forth a summary of the compensation we paid to our directors, other than directors who are also executive officers, in 2016:

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards<sup>(1)</sup> (\$)</b>	<b>Not Applicable</b>
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Item 8. Identification and Classification of Members of the Group:

**Not Applicable**

Item 9. Notice of Dissolution of Group:

**Not Applicable**

Item 10. Certifications:

**By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.**

**SIGNATURE**

After reasonable inquiry and to the best of its knowledge and belief, I certify (the undersigned certifies) that the information set forth in this statement is true, complete and correct.

2/11/2013  
(Date)



/s/ Tushar Shah  
(Signature)

Tushar Shah  
Name and Title

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2/11/2013  
(Date)

/s/ Stephen J. Clearman  
(Signature)

Stephen J. Clearman  
Name and Title

2/11/2013  
(Date)

/s/ Tushar Shah  
(Signature)

Tushar Shah – Managing Member of Kinderhook GP, LLC  
Name and Title

2/11/2013  
(Date)

/s/ Tushar Shah  
(Signature)

Tushar Shah – Managing Member of Kinderhook, LP's General Partner  
Name and Title

Item 10. Certifications:

**By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.**

**SIGNATURE**

After reasonable inquiry and to the best of its knowledge and belief, I certify (the undersigned certifies) that the information set forth in this statement is true, complete and correct.

2/11/2013  
(Date)

/s/ Tushar Shah  
(Signature)

Tushar Shah, Managing Member of Kinderhook Partners, LLC  
Name and Title